

# Report of Organizational Actions Affecting Basis of Securities

OMB No. 1545-0123

► See separate instructions.

## Part I Reporting Issuer

<b>1</b> Issuer's name		<b>2</b> Issuer's employer identification number (EIN)	
Canadian Pacific Railway Limited		98-0355078	
<b>3</b> Name of contact for additional information	<b>4</b> Telephone No. of contact	<b>5</b> Email address of contact	
Canadian Pacific Shareholder Services	1-866-861-4289	shareholder@cpr.ca	
<b>6</b> Number and street (or P.O. box if mail is not delivered to street address) of contact		<b>7</b> City, town, or post office, state, and ZIP code of contact	
7550 Ogden Dale Road SE		Calgary, AB T2C 4X9	
<b>8</b> Date of action		<b>9</b> Classification and description	
December 14, 2021		Common Stock and Preferred Stock	
<b>10</b> CUSIP number	<b>11</b> Serial number(s)	<b>12</b> Ticker symbol	<b>13</b> Account number(s)
See attached.		CP, KSU, KSU-P	

## Part II Organizational Action Attach additional statements if needed. See back of form for additional questions.

**14** Describe the organizational action and, if applicable, the date of the action or the date against which shareholders' ownership is measured for the action ► See attached.

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**15** Describe the quantitative effect of the organizational action on the basis of the security in the hands of a U.S. taxpayer as an adjustment per share or as a percentage of old basis ► See attached.

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**16** Describe the calculation of the change in basis and the data that supports the calculation, such as the market values of securities and the valuation dates ► See attached.

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17 List the applicable Internal Revenue Code section(s) and subsection(s) upon which the tax treatment is based ► See attached.

**18** Can any resulting loss be recognized? ► See attached.

**19** Provide any other information necessary to implement the adjustment, such as the reportable tax year ► [See attached.](#)

**Sign  
Here**

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than officer) is based on all information of which preparer has any knowledge.

Signature ►

Vicki Long

Date ►

01/13/2022

Print your name ► **Victor Wong**

Title ►

## Assistant Vice-President Taxation

**Paid  
Preparer  
Use Only**

Print/Type preparer's name

Preparer's signature
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Date
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Check ☐ if self-employed

PTIN

Firm's name ▶

Firm's EIN ►

Firm's address ►

Phone no.
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**Canadian Pacific Railway Limited**  
**EIN 98-0355078**  
**Attachment to Form 8937**  
**Date of Organizational Action: December 14, 2021**

**The information contained herein does not constitute tax advice and does not purport to be complete or to describe the consequences that may apply to particular categories of shareholders. Each shareholder is advised to consult his or her tax advisor regarding the tax treatment of the transaction. Further discussion of the tax consequences of the merger can be found in the joint proxy statement/prospectus filed by Canadian Pacific Railway Limited with the Securities and Exchange Commission on November 1, 2021, under the heading “Certain U.S. Federal Income Tax Consequences” (available at <http://edgar.secdatabase.com/2463/119312521315658/filing-main.htm>) (the “Proxy Statement/Prospectus”).**

**Form 8937 Part I, Box 10:**

The CUSIP number for CPRL common stock is 13645T100.

The CUSIP number for KCS common stock is 485170302.

The CUSIP number for KCS preferred stock is 485170203.

**Form 8937 Part II, Box 14:**

On September 15, 2021, Canadian Pacific Railway Limited (“CPRL”), Kansas City Southern (“KCS”), Cygnus Merger Sub 1 Corporation (“Surviving Merger Sub”), and Cygnus Merger Sub 2 Corporation (“First Merger Sub”) entered into an Agreement and Plan of Merger (as it may be amended from time to time, the “Merger Agreement”). On December 14, 2021, upon the terms and subject to the conditions set forth in the Merger Agreement and in accordance with the applicable provisions of the Delaware General Corporation Law, First Merger Sub merged with and into KCS with KCS surviving as a wholly owned subsidiary of Surviving Merger Sub (the “First Merger”), and immediately thereafter KCS merged with and into Surviving Merger Sub with Surviving Merger Sub surviving as a direct wholly owned subsidiary of CPRL (the “Second Merger”, and together with the First Merger, the “Transaction”).

At the effective time of the First Merger (the “Effective Time”), (i) each share of common stock, par value \$0.01 per share, of KCS (“KCS Common Stock”) issued and outstanding immediately prior to the Effective Time (other than certain excluded shares as described in the Merger Agreement) was converted into the right to receive (A) 2.884 shares of CPRL common stock (such stock, “CPRL Common Stock”, and such consideration, the “Share Consideration”) and (B) \$90.00 in cash, without interest (the “Cash Consideration”, and together with the Share Consideration, the “Merger Consideration”) and (ii) each share of 4% noncumulative preferred stock of KCS, par value \$25.00 (“KCS Preferred Stock”) issued and outstanding immediately prior to the Effective Time (other than certain excluded shares as described in the Merger Agreement) was converted into the right to receive \$37.50 in cash, without interest. No fractional shares of CPRL Common Stock were issued in connection with the Transaction. Each holder of KCS Common Stock who would otherwise have been entitled to receive a fraction of a

share of CPRL Common Stock (after aggregating all shares represented by the certificates and book-entry shares delivered by such holder) received, in lieu thereof, cash (without interest) in an amount (rounded down to the nearest cent) representing such holder's proportionate interest in the net proceeds from the sale by the exchange agent, on behalf of all such holders, of the aggregate number of fractional shares of CPRL Common Stock that would otherwise have been issuable to such holders as part of the Merger Consideration.

**Form 8937 Part II, Box 15:**

Consistent with the information set forth in the Proxy Statement/Prospectus, CPRL and KCS intend for the Transaction to qualify as a "reorganization" within the meaning of Section 368(a) of the Internal Revenue Code of 1986, as amended (the "Code") and that Section 367(a)(1)(A) of the Code will not apply to cause the Transaction to result in gain recognition by holders of KCS Common Stock that exchange their shares of KCS Common Stock for the Merger Consideration (other than any such holders of KCS Common Stock who would be treated as a "five-percent transferee shareholder" (within the meaning of U.S. Treasury Regulations Section 1.367(a)-3(c)(5)(ii)) of CPRL following the Transaction who does not enter into a five-year gain recognition agreement in the form provided in U.S. Treasury Regulations 1.367(a)-8 or does not comply with the requirements of that agreement and U.S. Treasury Regulations Section 1.367(a)-8 for avoiding the recognition of gain (an "Excepted Shareholder")). No ruling from the Internal Revenue Service has been requested or is intended to be obtained by CPRL as to the United States federal income tax consequences of the Transaction. Assuming the foregoing qualification and treatment:

- U.S. holders of KCS Common Stock that exchange their shares of KCS Common Stock for a combination of CPRL Common Stock and cash will generally recognize gain (but not loss) in an amount equal to the lesser of (i) the amount of cash (excluding cash received in lieu of fractional shares of CPRL Common Stock, if any) received by such U.S. holder in the Transaction and (ii) the excess, if any, of (A) the sum of the amount of any cash (excluding cash received in lieu of fractional shares of CPRL Common Stock, if any) plus the fair market value of the CPRL Common Stock (including any fractional shares of CPRL Common Stock deemed received) received by such U.S. holder in exchange for its shares of KCS Common Stock in the Transaction, over (B) such U.S. holder's tax basis in its shares of KCS Common Stock exchange.
- A U.S. holder who is a "five-percent transferee shareholder" (within the meaning of U.S. Treasury Regulations Section 1.367(a)-3(c)(5)(ii)) of CPRL will recognize gain to the extent described above only if the U.S. holder files with the Internal Revenue Service a gain recognition agreement in the form provided in U.S. Treasury Regulations Section 1.367(a)-8. Other considerations not described here may apply to such a holder. Any such U.S. holders should consult their own tax advisors with respect to the decision to file a gain recognition agreement and the particular U.S. federal income tax consequences of the Transaction to them.
- The aggregate tax basis of the CPRL Common Stock a U.S. holder receives in the Transaction (including any fractional shares of CPRL Common Stock deemed received)

will generally be the same as such U.S. holder's aggregate tax basis in its shares of KCS Common Stock surrendered in exchange therefor, decreased by the amount of cash (excluding cash received in lieu of fractional shares, if any) such U.S. holder receives and increased by the amount of gain (excluding any gain recognized with respect to cash received in lieu of a fractional share), if any, such U.S. holder recognizes in the Transaction.

- The holding period of the CPRL Common Stock received by a U.S. holder in the Transaction includes such U.S. holder's holding period in the shares of KCS Common Stock surrendered in the Transaction.
- U.S. holders of KCS Common Stock who receive cash in lieu of a fractional share of CPRL Common Stock in the Transaction generally will be treated as having received such fractional share in the Transaction and then as having received cash in exchange for such fractional share. Gain or loss generally will be recognized based on the difference between the amount of cash received in lieu of the fractional share of CPRL Common Stock and the portion of the U.S. holder's aggregate tax basis in the shares of KCS Common Stock surrendered allocable to the fractional share.
- U.S. holders of KCS Preferred Stock who exchange their KCS Preferred Stock for cash in the Transaction will generally recognize gain or loss equal to the difference, if any, between the amount of cash received with respect to such stock (determined before the deduction of any applicable withholding taxes) and the U.S. holder's adjusted tax basis in such stock.
- U.S. holders who held (i) shares of KCS Common Stock with differing tax bases and/or holding periods or (ii) shares of KCS Preferred Stock with differing tax bases and/or holding periods, which generally occurs when blocks of shares are purchased at different times or at different prices, should consult with their own tax advisors with respect to the particular U.S. federal income tax consequences of the Transaction to them. U.S. holders who held both KCS Common Stock and KCS Preferred Stock should consult with their own tax advisors with respect to the particular U.S. federal income tax consequences of the Transaction to them.

**Form 8937 Part II, Box 16:**

See response to Box 15, above.

**Form 8937 Part II, Box 17:**

CPRL and KCS intend for the Transaction to qualify as a "reorganization" within the meaning of Section 368(a) of the Code and that Section 367(a)(1)(A) of the Code will not apply to cause the Transaction to result in gain recognition by holders of KCS Common Stock that exchange their shares of KCS Common Stock for the Merger Consideration (other than any excepted shareholder). Consequently, the federal tax consequences of the Transaction to the holders of

KCS Common Stock are determined under Sections 354, 356, 358, 367, 368 and 1001 of the Code.

**Form 8937 Part II, Box 18:**

The Transaction is intended to qualify as a “reorganization” within the meaning of Section 368(a) of the Code. As described in the response to box 15, assuming that the Transaction is so treated, a U.S. holder of KCS Common Stock will not recognize any loss upon receipt of CPRL Common Stock in the Transaction, except with respect to any cash received in lieu of a fractional share of CPRL Common Stock. As described in the response to box 15, (i) a U.S. holder of KCS Common Stock who receives cash in lieu of a fractional share of CPRL Common Stock in the Transaction generally will be treated as having received such fractional share in the Transaction and then as having sold such fractional share for cash, and may recognize loss as a result of such sale and (ii) a U.S. holder of KCS Preferred Stock who receives cash for such stock in the Transaction may recognize loss as a result of such exchange.

**Form 8937 Part II, Box 19:**

The Transaction was consummated on December 14, 2021. Consequently, the reportable taxable year of the holders of KCS Common Stock for reporting the tax effect of the Transaction is the taxable year that includes the December 14, 2021 date.